

# HAMPSHIRE COUNTY COUNCIL

## Decision Report

<b>Decision Maker:</b>	Executive Member for Policy and Resources
<b>Date:</b>	17 January 2020
<b>Title:</b>	Facilities Management Contract Arrangements
<b>Report From:</b>	Director of Culture, Communities and Business Services

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### Purpose of the Report.

1. The purpose of this report is to seek approval to the expenditure under proposed new contract arrangements for provision of cleaning and security services within Hampshire County Council's (HCC's) built estate.

### Recommendations

2. That the Executive Member for Policy and Resources approves expenditure of up to £10m under the proposed contract for cleaning services to HCC buildings.
3. That the Executive Member for Policy and Resources approves expenditure of up to £6.75m under the proposed new contract arrangement for security services to HCC buildings.

### Executive Summary

4. This report:
  - sets out proposals for the re-procurement of cleaning and security services across HCC's built estate;
  - seeks approval from the Executive Member for Policy and Resources for the total expenditure over the duration of the contracts in accordance with the County Council's Contract Standing Orders for contracts in excess of £1,000,000;
  - highlights the performance improvements anticipated under the proposed contracts.

## **Contextual information**

5. Property Services leads on the procurement and strategic contract management of a number of contracts that provide “soft” Facilities Management (FM) services to buildings within the County Council’s estate including waste collection, cleaning and security services. These contract arrangements may also provide services to schools, the Office of the Police and Crime Commissioner (OPCC), Hampshire Fire and Rescue Service (HFRS) and other external partners and customers.
6. For the County Council’s estate, budgets for soft FM services for each building are held within the relevant department and service delivery is managed at an operational level by the departments.
7. The category management strategy for soft FM services is to reduce the number of individual contract arrangements in order to deliver best value alongside improved contract management and supplier performance.

## **Cleaning and Window Cleaning Services**

8. A Dynamic Purchasing System (DPS) was set up in late 2017 for the provision of cleaning services for the Office of the Police and Crime Commissioner (OPCC), Hampshire Fire and Rescue Service (HFRS) and HCC educational and non-educational sites. To date the OPCC and a number of educational sites have used the DPS to re-procure their cleaning services.
9. In accordance with the DPS guidelines, it is now proposed to procure a contract with a single supplier for cleaning services to all HCC non-education sites and HFRS sites that require contracted cleaning provision. The contract will exclude any HCC sites that deliver cleaning services through directly employed staff. The single supplier approach is in line with an overarching strategy to reduce the number of suppliers delivering FM services cross the HCC estate in order to improve the strategic contract and supplier management, improve performance and secure better management information to inform future contract strategy.
10. There are currently 11 suppliers appointed to the DPS. There was good attendance at a recent supplier engagement day and strong interest in tendering for the contract. Consultation has taken place with all internal departments and HFRS and requirements collated for all sites within the scope of the proposed contract.
11. Tender documents have been finalised and the proposed contract is currently in the procurement phase. The new contract is due to be operational from

April 2020 for an initial contract period of 3 years with the option to extend for up to a further 2 years. The current cleaning arrangements have been extended to cover the interim period.

## **Security Services**

12. The County Council has a number of contract arrangements providing security services that now need to be re-procured. These contracts provide static and mobile guarding, key holding and buddying services and security for vacant buildings. The contracts cover both education and non-education sites. There are two main suppliers and a number of further suppliers providing specific services to individual sites.
13. It is now proposed to re-procure the security services under a new contract arrangement. The details of the arrangement are being developed with the corporate procurement team, but it is currently anticipated that the new contract will be a single supplier arrangement in line with the strategic approach for all corporate contracts for soft FM services.
14. A thorough review has informed a comprehensive understanding of security requirements across the HCC estate and the value of the proposed contract. A working group is being established to support the development of the detailed specification and this will also inform the structure of the contract. Currently a contract term of 5 years with the option to extend for up to a further 4 years is proposed.
15. The current proposed programme is to issue the tender by April 2020 with the new contract implemented in Autumn 2020.

## **Finance**

16. The estimated annual spend under the proposed new cleaning contract is £1.8m per annum. To ensure that the arrangement provides sufficient flexibility to accommodate changes and variations to the estate over its duration, an approval to spend to a total contract value of £10m over a 5 year period is now requested.
17. The estimated value of the proposed security contract across both education and non-education sites is up to £750k per annum. The total spend over a proposed contract term of 5+2+2 years is therefore £6.75m and approval to spend is now sought for this amount.
18. The budgets for cleaning and security services at individual sites are held within the relevant departmental and partner revenue budgets.

## **Performance**

19. By establishing single supplier arrangements for both cleaning and security services across HCC's estate, Property Services is seeking to reduce the number of individual contracts and suppliers and introduce more robust strategic contract and supplier management arrangements. This includes clearly defined performance management protocols and significant improvements in reporting and provision of management information by the suppliers.

## **Consultation and Equalities**

20. Consultation has taken place with internal HCC departments and, where relevant, external organisations who will be party to the proposed contract arrangements in order to establish their service requirements and consult on the proposals for the new contract arrangements.

**REQUIRED CORPORATE AND LEGAL INFORMATION:**

**Links to the Strategic Plan**

**This proposal does not link to the Strategic Plan but, nevertheless, requires a decision because:  
The County Council's constitution and contract standing orders require Executive member approval to contract expenditure in excess of £1,000,000.**

**Section 100 D - Local Government Act 1972 - background documents**

**The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)**

Document

Location

None

## **EQUALITIES IMPACT ASSESSMENT:**

### **1. Equality Duty**

The County Council has a duty under Section 149 of the Equality Act 2010 ('the Act') to have due regard in the exercise of its functions to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited by or under the Act with regard to the protected characteristics as set out in section 4 of the Act (age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation);
- Advance equality of opportunity between persons who share a relevant protected characteristic within section 149(7) of the Act (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic within section 149(7) of the Act (see above) and persons who do not share it.

Due regard in this context involves having due regard in particular to:

- The need to remove or minimise disadvantages suffered by persons sharing a relevant protected characteristic that are connected to that characteristic;
- Take steps to meet the needs of persons sharing a relevant protected characteristic that are different from the needs of persons who do not share it;
- Encourage persons sharing a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

### **2. Equalities Impact Assessment – Please see Appendix A**

# Equality Impact Assessment



## Procurement of Soft Facilities Management Service Contracts

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Department: Culture, Communities and Business Services

Date of assessment: 08/01/2020

### Description of current service/policy

CCBS is responsible for the procurement and strategic contract management of a number of contracts for the provision of soft facilities management services to HCC corporate buildings including, but not limited to: waste collection, cleaning and security services. These contract arrangements may also be accessed by schools and other public sector organisations including Police and Fire. Contracts are procured in compliance with the County Council's contract standing orders and the Public Procurement Regulations.

Geographical impact: All Hampshire

### Description of proposed change

New contracts are being procured as previous contract expire. Where appropriate, previous contract arrangements are being consolidated into single supplier arrangements for each type of facilities management service to deliver best value and enable improved contract management and supplier engagement.

### Impacts of the proposed change

This impact assessment covers HCC Staff (and partners)

### Engagement and consultation

Has engagement or consultation been carried out? Yes

Consultation on service requirements and proposed contract arrangements has been undertaken with internal HCC departments and partner organisations who will use the contract arrangements. Supplier engagement has or will be undertaken as part of the procurement process and soft market testing to confirm the suitability and viability of the proposed contract arrangements. As part of the procurement process, information relating to supplier employees who may be subject to TUPE is requested from incumbent suppliers so that it can be shared with tendering suppliers.

<b>Statutory considerations</b>	<b>Impact</b>	<b>Mitigation</b>
<b>Age:</b> Neutral		
<b>Disability:</b> Neutral		
<b>Sexual orientation:</b> Neutral		
<b>Race:</b> Neutral		
<b>Religion and belief:</b> Neutral		
<b>Gender reassignment:</b> Neutral		



<b>Gender:</b> Neutral		
<b>Marriage and civil partnership:</b> Neutral		
<b>Pregnancy and maternity:</b> Neutral		
<b>Other policy considerations</b>	<b>Impact</b>	<b>Mitigation</b>
<b>Poverty:</b> Low	Many soft facilities management staff employed by contracted suppliers are likely to be employed at lower salary levels. The transition of existing contracts to new arrangements may impact on some staff employed by suppliers under the current contract arrangements. TUPE Regulations may apply where there is a change of supplier and TUPE information will be requested from incumbent suppliers and shared with tendering suppliers as part of the procurement process for the new contract arrangements.	
<b>Rurality:</b> Neutral		

**Neutrality statement (if all considerations have a neutral impact)**

**Any other information**

Contract arrangements will require suppliers to comply with all relevant legislation and this will be monitored and reviewed as part of the ongoing contract management arrangements. The new

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contract arrangements may also increase the employment opportunities for lower paid and part time roles within the geographic area of Hampshire.